

**ST. MARY PARISH ASSESSOR**

FINANCIAL REPORT

For the Year Ended December 31, 2017

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**INDEPENDENT AUDITOR’S REPORT**

The Honorable Jarrod K. Longman, Assessor  
 St. Mary Parish Assessor  
 Franklin, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Assessor (Assessor), component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Assessor’s basic financial statements as listed in the table of contents.

***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Assessor as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of funding progress related to other postemployment benefits, the schedule of proportionate share of net pension liability, and the schedule of contributions related to pensions on pages 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Assessor's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of the Assessor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Assessor's internal control over financial reporting and compliance.

*Darnall, Sikes & Frederick*  
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
June 19, 2018

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. MARY PARISH ASSESSOR

Statement of Net Position  
December 31, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 3,242,307
Investments	619,161
Taxes receivable (net of allowance for uncollectible taxes)	1,453,635
Due from other governmental units	656
Prepaid expenses	<u>47,556</u>
Total current assets	5,363,315
Noncurrent assets	
Capital assets, net of accumulated depreciation	42,404
Deposits	<u>1,524</u>
Total noncurrent assets	<u>43,928</u>
TOTAL ASSETS	5,407,243
DEFERRED OUTFLOWS OF RESOURCES	<u>239,729</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,646,972</u>

ST. MARY PARISH ASSESSOR

Statement of Net Position  
December 31, 2017

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 4,741
Accrued liabilities	<u>556</u>
Total current liabilities	5,297
Long-term liabilities	
Other postemployment benefit obligation	590,592
Net pension liability	<u>300,621</u>
Total long-term liabilities	<u>891,213</u>
TOTAL LIABILITIES	896,510
DEFERRED INFLOWS OF RESOURCES	229,192
<b>NET POSITION</b>	
Net investment in capital assets	42,404
Unrestricted	<u>4,478,866</u>
TOTAL NET POSITION	<u>4,521,270</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 5,646,972</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Statement of Activities  
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government	\$ 1,805,927	\$ 10,436	\$ 226,705	\$ (1,568,786)
General Revenues:				
				1,552,697
				57,055
				12,083
				4,191
				<u>1,626,026</u>
				57,240
				<u>4,464,030</u>
				<u>\$ 4,521,270</u>

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

ST. MARY PARISH ASSESSOR

Balance Sheet  
Governmental Fund  
December 31, 2017

	<u>General Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 3,242,307
Investments	619,161
Taxes receivable (net of allowance for uncollectible taxes)	1,453,635
Due from other governmental units	<u>656</u>
Total current assets	5,315,759
Noncurrent assets	
Deposits	<u>1,524</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,317,283</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
Current liabilities	
Accounts payable	\$ 4,741
Accrued liabilities	<u>556</u>
<b>TOTAL LIABILITIES</b>	<b>5,297</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>67,735</b>
Fund balance	
Unassigned	<u>5,244,251</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 5,317,283</u></b>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2017

Total fund balance - governmental fund	\$ 5,244,251
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	42,404
Prepaid expenses involve the payment of obligations that are attributable to fiscal periods beyond the end of the current fiscal year with current financial resources and, therefore, are not reported in the governmental fund.	47,556
Long-term liabilities, which include other postemployment benefit obligations and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(891,213)
Deferred inflows of resources associated with net pension liability are not payable from current expendable resources and, therefore, are not reported in the governmental fund.	(229,192)
Deferred outflows of resources associated with net pension liability are not available resources and, therefore, are not reported in the governmental fund.	239,729
Ad valorem taxes that are not considered to be available are not current financial resources and, therefore, are not reported as revenue in the governmental fund.	<u>67,735</u>
Net position of governmental activities	<u>\$ 4,521,270</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Statement of Revenues, Expenditures, and Changes in  
Fund Balance – Governmental Fund  
For the Year Ended December 31, 2017

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 1,549,579
State revenue sharing	57,055
Charges for services	10,436
Interest and investment earnings	12,083
Miscellaneous	<u>4,191</u>
Total revenues	1,633,344
Expenditures	
Current -	
General government:	
Legal and professional fees	64,792
Materials and supplies	27,421
Operating services and supplies	153,225
Personal services and related benefits	1,302,060
Travel and seminars	5,257
Capital outlays	<u>2,406</u>
Total expenditures	<u>1,555,161</u>
Net change in fund balance	78,183
Fund balance, beginning	<u>5,166,068</u>
Fund balance, ending	<u><u>\$ 5,244,251</u></u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2017

Net change in fund balance - governmental fund \$ 78,183

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Ad valorem taxes that are considered available provide current financial resources to governmental funds; however, in the Statement of Activities, ad valorem taxes that are not considered available are reported. This is the amount of collections of prior year unavailable ad valorem tax revenue in excess of current year unavailable ad valorem tax revenue. 3,118

Certain expenditures of the governmental fund involve the payment of current financial resources for obligations attributable to fiscal periods following the close of the current fiscal period. The portion of payment for insurance coverage, software maintenance contracts, dues and subscriptions, and legal and professional fees attributable to periods after December 31, 2017 are classified as prepaid expenses in the Statement of Net Position. This is the difference between prior year and current year accruals. (2,362)

Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current year. (26,473)

Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. (73,798)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:

Increase in pension expense	(148,133)
Non-employer pension contribution revenue	<u>226,705</u>

Change in net position of governmental activities \$ 57,240

The accompanying notes are an integral part of this statement.

## ST. MARY PARISH ASSESSOR

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the St. Mary Parish Assessor (Assessor) is elected by the voters of St. Mary Parish (Parish) and serves a term of four years. The Assessor assesses all real and movable property in the Parish subject to ad valorem taxation. The Assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and to provide assistance to the taxpayers of the Parish. The deputies are authorized to perform all functions of the office, but the Assessor is officially and pecuniarily responsible for the actions of the deputies.

The Assessor's office is located in the St. Mary Parish Courthouse in Franklin, Louisiana. The Assessor employs 16 employees, including 15 deputies. In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies.

At December 31, 2017, there are 47,952 real property and movable property assessments totaling \$248,000,946 and \$377,991,883, respectively.

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

As the governing authority for the Parish, for reporting purposes, the St. Mary Parish Council (Parish Council) is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (b) the organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish Council to impose its will on that organization and/or

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council provides office space to the Assessor and the significance of the relationship between the Assessor and the Parish Council, the Assessor was determined to be a component unit of the Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and Fund Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses having a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues of the Assessor include fees and charges paid by the recipients for goods or services offered by the Assessor's office, such as tax roll preparation and making copies of various reports. Taxes and items not properly included among program revenues are reported as general revenues.

A separate financial statement is provided for the governmental fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Assessor has the following fund types:

Governmental Fund –

The focus of the governmental fund’s measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Assessor:

General Fund –

The General Fund, as provided by Louisiana Revised Statute 47:1906, is the principal fund of the Assessor and accounts for the operation of the Assessor’s office. Compensation is received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908 and ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. General operating expenditures are paid from this fund.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets

All capital assets purchased or acquired with an original cost of \$1,000 or greater for furniture and \$5,000 or greater for equipment are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Automobiles	5 Years
Equipment and Furniture	5 Years
Improvements	10 Years
Mapping	5 Years
Software	5 Years

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the Assessor.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

*Non-spendable* – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation.

*Committed* – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Assessor. Commitments may be established, modified, or rescinded only through formal action of the Assessor.

*Assigned* – Includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

*Unassigned* – Includes all other spendable amounts.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Assessor considers restricted net position to have been applied first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Assessor considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Assessor has provided otherwise in its commitment or assignment actions.

Deferred Inflows of Resources – Fund Financial Statements

Ad valorem taxes levied at December 31, 2017 that are not considered to be available to finance operations of the current period are reported as deferred inflows of resources on the governmental fund balance sheet and are recognized as operating revenues in the subsequent period.

Compensated Absences

Employees of the Assessor's office earn from five to twenty-five days of vacation leave each year based on length of service. Vacation leave must be used in the year earned. A maximum of six weeks of sick leave is allowed for maternity and/or surgery. Additional sick leave may be granted at the discretion of the Assessor. Sick leave is not accrued.

Use of Estimates

The Assessor uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

Subsequent Events

The Assessor has evaluated subsequent events through June 19, 2018, the date the financial statements were available to be issued.

Net Other Postemployment Benefit Obligations

The Assessor applies the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the Assessor to calculate and recognize a net other postemployment benefit (OPEB) obligation or asset at year end. The net OPEB obligation or asset is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2009. See Note 8 for further details.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

The Assessor applies the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the Assessor to calculate and recognize a net pension liability at year end. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Assessors' Retirement Fund (Fund) and additions to/deductions from the Fund fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for further details.

NOTE 2 LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Assessment District	2.88	2.88

Total taxes levied during 2017 were \$1,589,101. Taxes receivable at December 31, 2017 consists of \$1,469,196 for the 2017 assessment, of which \$15,561 is considered uncollectible.

Following are the principal taxpayers for the Parish:

	<u>Type of Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
PHI, Inc.	Oil & Gas	\$ 23,384,695	4.24%
Cameron International Corp.	Oil & Gas	19,010,231	3.45%
Cleco Power, LLC	Public Utility	14,507,450	2.63%
Onesubsea, LLC	Oil & Gas	11,704,557	2.12%
Gulfport Energy	Oil & Gas	10,256,666	1.86%
Oceaneering International, Inc.	Oil & Gas	9,806,957	1.78%
Texas Petroleum Investment Co.	Oil & Gas	9,409,313	1.71%
Cabot Corporation	Spec. Chemicals	8,388,167	1.52%
Castex Energy, Inc.	Oil & Gas	8,352,536	1.51%
Columbian Chemicals	Spec. Chemicals	<u>7,816,937</u>	<u>1.42%</u>
		<u>\$ 122,637,509</u>	<u>22.24%</u>

The total assessed valuation for all taxpayers at December 31, 2017 is \$551,329,902.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2017, the Assessor has cash and cash equivalents (book balances) totaling \$3,242,307 as follows:

Demand deposits	\$ 113,401
Money market accounts	<u>3,128,906</u>
Total	<u>\$ 3,242,307</u>

At December 31, 2017, the Assessor had \$3,250,104 in deposits (bank balances). Federal deposit insurance covered \$371,198 of these deposits while the remaining deposits were collateralized by securities in the Assessor’s name held by the Assessor or third parties in the amount of \$3,765,872. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Assessor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 INVESTMENTS

The Assessor can invest in securities of the United States Government, unless such an investment is expressly prohibited by law. The carrying amounts and approximate market values of investments are summarized as follows:

	Description	Interest Rate	December 31, 2017	
			Market Value/ Carrying Amount	Cost
General Fund	Louisiana Asset Management Pool	Various	\$ 619,161	\$ 619,161

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP is rated AAAM by Standard & Poor's. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130, or by calling (800) 249-5267.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, is as follows:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Capital assets being depreciated:				
Equipment	\$ 180,768	\$ 2,406	\$ -	\$ 183,174
Automobiles	20,628	-	-	20,628
Office Improvements	43,819	-	-	43,819
Mapping	344,006	-	-	344,006
Software	<u>104,750</u>	<u>-</u>	<u>-</u>	<u>104,750</u>
Total capital assets being depreciated	693,971	2,406	-	696,377
Less accumulated depreciation for:				
Equipment	167,998	3,547	-	171,545
Automobiles	20,628	-	-	20,628
Office Improvements	22,797	4,382	-	27,179
Mapping	344,006	-	-	344,006
Software	<u>69,665</u>	<u>20,950</u>	<u>-</u>	<u>90,615</u>
Total accumulated depreciation	<u>625,094</u>	<u>28,879</u>	<u>-</u>	<u>653,973</u>
Capital assets being depreciated, net	<u>68,877</u>	<u>(26,473)</u>	<u>-</u>	<u>42,404</u>
Capital assets, net	<u>\$ 68,877</u>	<u>\$ (26,473)</u>	<u>\$ -</u>	<u>\$ 42,404</u>

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2017, consist of the following:

Mapping project reimbursement:

Recreation District # 2	<u>\$ 656</u>
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NOTE 7 PENSION PLAN

Plan Description –

Substantially all employees of the Assessor’s office are members of the Louisiana Assessors’ Retirement Fund (Fund). The Fund was created by Act 91 Section 1 of the 1950 regular Legislative Session and is administered by a separate board of trustees. The Fund is a cost sharing, multiple-employer qualified governmental defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code Section 401(a), effective January 1, 1998. Membership in the Fund is a condition of employment for Assessors and their full time employees. The Fund issues a publicly available financial report that can be obtained at [www.louisianaassessors.org](http://www.louisianaassessors.org).

Benefits Provided –

The following is a description of the plan and its benefits and is provided for general informational purposes only. The Fund provides pension, death, disability, back-deferred retirement option (Back-DROP), and excess benefits. Participants should refer to the Plan Agreement for more complete information.

1. Pension Benefits

Employees who were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of 55 and have at least 12 years of service or have at least 30 years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of 60 and have at least 12 years of service or have reached the age of 55 and have at least 30 years of service.

Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service, not to exceed 100% of final compensation. Employees who became members on or after October 1, 2006, will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect a reduced benefit or any of four options at retirement:

- a. If the member dies before he has received in annuity payments the present value of the member's annuity, as it was at the time of retirement, the balance is paid to his beneficiary.
- b. Upon retirement, the member receives a reduced benefit. Upon the member's death, the surviving spouse will continue to receive the same reduced benefit.
- c. Upon retirement, the member receives a reduced benefit. Upon member's death, the surviving spouse will receive one-half of the member's reduced benefit.
- d. Upon retirement, the member may elect to receive a board-approved benefit that is actuarially equivalent to the maximum benefit.

2. Death Benefits

As set forth in R.S. 11:1441, benefits for members who die in service are as follows:

- a. If a member of the Fund dies in service with less than 12 years of creditable service and leaves a surviving spouse, their accumulated contributions shall be paid to the surviving spouse.
- b. If a member dies and has 12 or more years of creditable service and is not eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the joint and survivorship amounts provided in Option 2 as provided for in R.S. 11:1423, which shall cease upon a subsequent remarriage, or a refund of the member's accumulated contributions, whichever the spouse elects to receive.
- c. If a member dies and is eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the Option 2 benefits provided for in R.S. 11:1423, which shall not terminate upon a subsequent remarriage.
- d. Benefits set forth in item b. above, shall cease upon remarriage and shall resume upon a subsequent divorce or death of a new spouse. The spouse shall be entitled to receive a monthly benefit equal to the amount being received prior to remarriage.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

3. Disability Benefits

The Board of Trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be the lesser of (a) or (b) as set forth below:

- a. A sum equal to the greater of 45% of final average compensation, or the member's accrued retirement benefit at the time of termination of employment due to disability; or
- b. The retirement benefit which would be payable assuming accrued creditable service plus additional accrued service, if any, to the earliest normal retirement age based on final average compensation at the time of termination of employment due to disability.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R.S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

4. Back-Deferred Retirement Option Plan (Back-DROP)

In lieu of receiving a normal retirement benefit pursuant to R.S. 11:1421 through 1423, an eligible member of the Fund may elect to retire and have their benefits structured, calculated, and paid as provided in this section.

An active, contributing member of the Fund shall be eligible for Back-DROP only if all of the following apply:

- a. The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
- b. The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.
- c. The member has revoked their participation, if any, in the Deferred Retirement Option Plan pursuant to R.S. 11:1456.2.

At the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period to be specified in whole months. The duration of the Back-DROP period shall not exceed the lesser of 36 months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

The Back-DROP period shall be comprised of the most recent calendar days corresponding to the member's employment for which service credit in the Fund accrued.

The Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. The member's Back-DROP monthly benefit shall be calculated pursuant to the provisions applicable for service retirement set forth in R.S. 11:1421 through 1423, subject to the following conditions:

- a. Creditable service shall not include service credit reciprocally recognized pursuant to R.S. 11:142.
- b. Accrued service at retirement shall be reduced by the Back-DROP.
- c. Final average compensation shall be calculated by excluding all earnings during the Back-DROP period.
- d. Contributions received by the Fund during the Back-DROP period and any interest that has accrued on employer and employee contributions received during the period shall remain with the Fund and shall not be refunded to the employee or to the employer.
- e. The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the Fund provisions in effect on the last day of creditable service before the Back-DROP period.
- f. At retirement, the member's maximum monthly retirement benefit payable as a life annuity shall be equal to the Back-DROP monthly benefit.
- g. The member may elect to receive a reduced monthly benefit in accordance with the options provided in R.S. 11:1423 based upon the member's age and the age of the member's beneficiary as of the actual effective date of retirement. No change in the option selected or beneficiary shall be permitted after the option is filed with the Board of Trustees.

In addition to the monthly benefit received, the member shall be paid a lump-sum benefit equal to the Back-DROP maximum monthly retirement benefit multiplied by the number of months selected as the Back-DROP period. Cost-of-living adjustments shall not be payable on the member's Back-DROP lump sum.

Upon the death of a member who selected the maximum option pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate shall receive the deceased member's remaining contributions, less the Back-DROP benefit amount. Upon the death of a member who selected Option 1 pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate, shall receive the member's annuity

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

savings fund balance as of the member's date of retirement reduced by the portion of the Back-DROP account balance and previously paid retirement benefits that are attributable to the member's annuity payments as provided by the annuity savings fund.

5. Excess Benefit Plan

Under the provisions of this excess benefit plan, a member may receive a benefit equal to the amount by which the member's monthly benefit from the Fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

Contributions –

Contributions for all members are established by statute at 8.0% of earned compensation. The contributions are deducted from the member's salary and remitted by the participating agency.

Administrative costs of the Fund are financed through employer contributions. According to the state statute, contributions for all employers are actuarially determined each year. Employer contributions were 10.00 % of members' earnings for the year ended September 30, 2017.

The Fund also receives one-fourth of one percent of the property taxes assessed in each parish of the state as well as a state revenue sharing appropriation. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee. Although the direct employer actuarially required contribution for the fiscal year ended September 30, 2017 was 4.69%, the actual employer contribution rate for the fiscal year ended September 30, 2017 was 10.00%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set one year prior to the year effective. The minimum direct employer actuarially required contribution will be 5.25% for fiscal year 2018.

The Assessor's contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$130,317; \$154,596; and \$156,908,248; respectively. In 2017, 2016, and 2015, the Assessor elected to make the required contributions of plan members in lieu of a pay raise. The contributions made on behalf of eligible employees in 2017, 2016, and 2015 were \$59,511, \$59,964, and \$57,023, respectively, and were equal to the required contributions for each year.

The Assessor recognized revenue of \$226,705 equal to the amount of contributions made by non-employer contributing entities.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At December 31, 2017, the Assessor reported a liability of \$300,621 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of September 30, 2017 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Assessor’s proportion of the Net Pension Liability was based on the Assessor’s projected contribution effort to the plan for the next fiscal year as compared to the total of all employers’ projected contribution effort to the plan for the next fiscal year, actuarially determined. At September 30, 2017, the Assessor’s proportion was 1.713225%, which was an increase of 0.021806% from its proportion measured as of September 30, 2016.

For the year ended December 31, 2017, the Assessor recognized pension expense of \$148,133.

At December 31, 2017, the Assessor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,508	\$ 94,384
Changes of assumptions	188,020	-
Net difference between projected and actual earnings on pension plan investments	-	116,330
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,870	18,478
Employer contributions subsequent to the measurement date	<u>14,331</u>	<u>-</u>
Total	<u>\$ 239,729</u>	<u>\$ 229,192</u>

Assessor contributions subsequent to the measurement date in the amount of \$14,331 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2018	\$ 26,734
2019	42,044
2020	(57,374)
2021	(33,845)
2022	<u>18,647</u>
Total	<u>\$ (3,794)</u>

Actuarial Assumptions –

A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2017 are as follows:

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Approach</b>	Closed
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining</b>	
<b>Service Lives</b>	6 years
<b>Investment Rate of Return (discount rate)</b>	6.75%, net of pension plan investment expense, including inflation
<b>Inflation Rate</b>	2.50%
<b>Salary Increases</b>	5.75%
<b>Annuitant and beneficiary mortality</b>	RP 2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and females
<b>Active members mortality</b>	RP 2000 Employee Table set back four years for males and and three years for females
<b>Disabled Lives Mortality</b>	RP 2000 Disabled Lives Mortality Table set back five years for males and three years for females
<b>Retiree Cost of Living Increases</b>	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

With the exception of mortality, the actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, unless otherwise specified. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

Discount Rate –

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%
Alternative Assets	6.24%

The long-term expected rate of return selected by the Fund for the measurement period ended September 30, 2017 was 6.75%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions and the other assumptions and methods as specified, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 6.75%.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the Assessor’s proportionate share of the Net Pension Liability using the discount rate of 6.75%, as well as what the Assessor’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate (assuming all other assumptions remain the same):

	<u>1.0% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.0% Increase (7.75%)</u>
Assessor's proportionate share of the net pension liability	<u>\$ 1,019,416</u>	<u>\$ 300,621</u>	<u>\$ (315,576)</u>

Pension Plan Fiduciary Net Position –

The Louisiana Assessors’ Retirement Fund and Subsidiary has issued a stand-alone audit report on their financial statements for the year ended September 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor’s website, [www.la.gov](http://www.la.gov), or by contacting the Louisiana Assessors’ Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. In applying the requirements of GASB Statement No. 45, the Assessor recognizes the cost of postemployment healthcare in the year in which the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Assessor’s future cash flows. Because the Assessor adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Description

The Assessor provides continuation of healthcare benefits and life insurance to those retired employees who reached the normal retirement age while employed by the Assessor. The plan is a cost sharing, multiple-employer qualified defined benefit insurance plan administered by the Insurance Committee of the Assessors' Insurance Fund dba Louisiana Assessors' Association. The Insurance Committee of the Assessors' Insurance Fund has the authority to establish and amend the benefit provisions of the plan. The plan issues a publicly available financial report. That report may be obtained by writing to Louisiana Assessors' Insurance Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (800) 925-4446.

Funding Policy

The Assessor pays half of the monthly premiums for medical and dental benefits and the retiree pays the other half of the monthly premiums. The Assessor recognizes the cost as an expenditure when paid during the year. The benefits are financed on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost

The Assessor's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Assessor's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Assessor's net OPEB obligation:

Annual required contribution	\$ 153,422
Interest on prior year net OPEB obligation	20,672
Adjustment to annual required contribution	<u>(33,895)</u>
Annual OPEB cost (expense)	140,199
Less contributions made	<u>66,401</u>
Change in net OPEB obligation	73,798
Net OPEB obligation - beginning of year	<u>516,794</u>
Net OPEB obligation - end of year	<u>\$ 590,592</u>

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Assessor's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2017 and the two preceding years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Ending OPEB Obligation</u>
12/31/2015	\$ 144,363	41.5%	\$ 438,473
12/31/2016	142,203	44.9%	516,794
12/31/2017	140,199	47.4%	590,592

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017, is as follows:

Actuarial accrued liability (AAL)	\$ 1,735,782
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,735,782</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 716,554
UAAL as a percentage of covered payroll	242.24%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Assessor's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the January 1, 2017 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions utilized a 4.0% discount rate. The valuation assumes pre-65 medical cost inflation of 5.50% for 2017 with fluctuations in trends upward and downward until the year 2030 then beginning a downward trend to 4.4% after the eighty-third year, post-65 medical cost inflation of 8.40% for 2017 with fluctuations in trends upward and downward until the year 2030 then beginning a downward trend to 4.6% after the eighty-third year, and dental cost inflation of 4.74% for 2017 trending downward to 4.14% after the eighty-third year.

NOTE 9 CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions during the year:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Other postemployment benefits	\$ 516,794	\$ 73,798	\$ -	\$ 590,592	\$ -
Net pension liability	<u>596,850</u>	<u>-</u>	<u>296,229</u>	<u>300,621</u>	<u>-</u>
Total	<u>\$ 1,113,644</u>	<u>\$ 73,798</u>	<u>\$ 296,229</u>	<u>\$ 891,213</u>	<u>\$ -</u>

NOTE 10 OPERATING LEASES

The Assessor entered into a 12-month cancelable lease agreement for the satellite office located in Morgan City commencing on January 1, 2016. Monthly rent expense is \$400 due in advance on an annual basis of \$4,800 per year. At the expiration of the lease on December 31, 2016, the Assessor exercised its option to renew the lease for a one-year term under the same terms and conditions. The rent expense for January 1, 2017 through December 31, 2017 was \$4,800.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 10 OPERATING LEASES (CONTINUED)

The Assessor entered into a 60-month cancelable vehicle lease for \$876 per month beginning on October 7, 2015. Payments on this lease totaling \$9,641 were made during the year ended December 31, 2017.

NOTE 11 EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

Louisiana Revised Statute 33:4713 requires the St. Mary Parish Government to provide the Assessor with all necessary office space, utilities, furniture, equipment, supplies, and maps. The Assessor's office is located in the St. Mary Parish Courthouse. The maintenance of the courthouse is paid by the St. Mary Parish Government.

NOTE 12 RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Assessor has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Assessor is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2017. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

ST. MARY PARISH ASSESSOR

Budgetary Comparison Schedule – General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 1,728,000	\$ 1,431,206	\$ 1,549,579	\$ 118,373
State revenue sharing	55,128	56,971	57,055	84
Charges for services	4,250	929	10,436	9,507
Interest and investment earnings	7,500	11,795	12,083	288
Miscellaneous	<u>5,000</u>	<u>4,191</u>	<u>4,191</u>	<u>-</u>
Total revenues	1,799,878	1,505,092	1,633,344	128,252
<b>Expenditures</b>				
Current -				
General government:				
Taxation -				
Legal and professional fees	75,000	48,382	64,792	(16,410)
Materials and supplies	42,000	29,068	27,421	1,647
Operating services and supplies	264,300	158,120	153,225	4,895
Personal services and related benefits	1,294,214	1,261,898	1,302,060	(40,162)
Travel and seminars	16,500	6,362	5,257	1,105
Capital outlays	<u>10,000</u>	<u>2,406</u>	<u>2,406</u>	<u>-</u>
Total expenditures	<u>1,702,014</u>	<u>1,506,236</u>	<u>1,555,161</u>	<u>(48,925)</u>
Net change in fund balance	97,864	(1,144)	78,183	79,327
Fund balance, beginning	<u>5,166,068</u>	<u>5,166,068</u>	<u>5,166,068</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,263,932</u>	<u>\$ 5,164,924</u>	<u>\$ 5,244,251</u>	<u>\$ 79,327</u>

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH ASSESSOR

Schedule of Funding Progress – Other Postemployment Benefits  
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
1/1/2015	\$ -	\$ 1,735,782	\$ 1,735,782	0.00%	\$ 661,949	262.22%
1/1/2016	-	1,735,782	1,735,782	0.00%	708,554	244.98%
1/1/2017	-	1,735,782	1,735,782	0.00%	716,554	242.24%

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH ASSESSOR

Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended December 31, 2017

<u>Plan Year Ended September 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered employee payroll</u>	<u>Share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	1.70069%	\$ 890,008	\$ 714,617	124.54%	85.57%
2016	1.69142%	596,850	736,403	81.05%	90.68%
2017	1.71323%	300,621	752,138	39.97%	95.61%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH ASSESSOR

Schedule of Contributions  
For the Year Ended December 31, 2017

<u>Year Ended December 31</u>	<u>Statutorily required contribution</u>	<u>Contributions relative to statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2015	\$ 96,226	\$ 96,226	\$ -	\$ 712,782	13.50%
2016	94,631	94,631	-	749,555	12.62%
2017	70,806	70,806	-	743,888	9.52%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report and accompanying notes to the required supplementary information.

ST. MARY PARISH ASSESSOR

Notes to the Required Supplementary Information

*Notes to the budgetary comparison schedule:*

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The budgetary basis is in accordance with generally accepted accounting principles (GAAP).

NOTE 2 BUDGETARY PRACTICES

The Assessor uses the following budgetary practices:

1. A proposed budget for the fiscal year is prepared prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After a public hearing is held and all action necessary to finalize and implement the budget is completed, the budget is adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Assessor.
6. All budgetary appropriations lapse at the end of each fiscal year.

*Notes to the retirement system schedules:*

NOTE 3 CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the year ended December 31, 2017.

NOTE 4 CHANGES OF ASSUMPTIONS

There were no changes of assumptions for the year ended December 31, 2017.

**OTHER SUPPLEMENTARY INFORMATION**

ST. MARY PARISH ASSESSOR

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2017

Agency Head Name: Jarrod K. Longman, Assessor

<u>Purpose</u>	<u>Amount</u>
Salary (as allowed by Louisiana R.S. 47:1907)	\$ 158,745
Benefits - insurance (as allowed by Louisiana R.S. 47:1923)	21,398
Benefits - retirement (as allowed by Louisiana R.S. 11:1481)	27,780
Benefits - other (as allowed by Louisiana R.S. 42:1301-1309)	9,000
Travel	256
Registration fees	455
Conference travel	829
Continuing professional education fees	<u>495</u>
Total	<u>\$ 218,958</u>

See independent auditor's report.

**INTERNAL CONTROL  
AND  
COMPLIANCE**



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& Frederick**

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT ON  
 INTERNAL CONTROL OVER  
 FINANCIAL REPORTING AND ON COMPLIANCE  
 AND OTHER MATTERS BASED ON  
 AN AUDIT OF FINANCIAL STATEMENTS  
 PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS

The Honorable Jarrod K. Longman, Assessor  
 St. Mary Parish Assessor  
 Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Assessor (Assessor), a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements, and have issued our report thereon dated June 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Assessor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Assessor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 19, 2018

ST. MARY PARISH ASSESSOR

Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2017

There were no findings noted during the prior year audit.

ST. MARY PARISH ASSESSOR

Schedule of Findings and Responses  
For the Year Ended December 31, 2017

Part 1: Summary of Auditor's Reports

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on the St. Mary Parish Assessor's financial statements as of and for the year ended December 31, 2017.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2017.

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended December 31, 2017.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted during the audit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At December 31, 2017, the St. Mary Parish Assessor did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

ST. MARY PARISH ASSESSOR

Management's Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2017

There were no findings noted during the audit.



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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Jarrod K. Longman, St. Mary Parish Assessor and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Mary Parish Assessor (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
*Written policies and procedures address all functions noted above.*
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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*Written policies and procedures were obtained and address all functions noted above with the exception of (2) how vendors are added to the vendor list.*

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and do not address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Written policies and procedures were obtained and address the functions noted above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*Written policies and procedures were obtained and address the functions noted above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*Written policies and procedures were obtained and address the functions noted above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable; the entity has no outstanding debt.*

***Board (or Finance Committee, if applicable)***

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The St. Mary Parish Assessor is not required to maintain minutes each month; however, we did note a meeting takes place each month, but no documentation of this is maintained.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The St. Mary Parish Assessor is not required to maintain minutes each month; however, we did note a meeting takes place each month when the budget is reviewed, but no documentation of this is maintained.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*No deficit spending noted for the entity.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

*The St. Mary Parish Assessor is not required to maintain minutes each month; however, we did note a meeting takes place each month when the budget is reviewed, but no documentation of this is maintained.*

### ***Bank Reconciliations***

---

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Obtained bank statements and reconciliations for all months in the fiscal period noting no evidence of management or board review.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period noting no items that have been outstanding for more than 6 months.*

## *Collections*

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of the cash collection location and management's representation that the listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Written documentation was obtained and the following was noted: (1) no exceptions noted, (2) the person responsible for depositing cash in the bank is not responsible for recording the deposit or reconciling the bank statement, and (3) there are no cash registers or drawers because the entity does not receive cash collections..*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The individual responsible for cash collections is not the individual responsible for reconciling cash collections to the general ledger.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained and the deposits were made within one day of collection.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Collection documentation was obtained and daily collections are supported by documentation.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The entity has a process to determine completeness of collections by a person who is not responsible for collections.*

#### **Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Examined supporting documentation for each of the 25 disbursements selected and found that 23 purchases were not initiated using a purchase order system.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Examined supporting documentation for each of the 25 disbursements selected and noted that 23 purchases were not initiated using a purchase order system and the remaining two disbursements had purchase orders that were approved by the person who initiated the purchases.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Examined supporting documentation for each of the 25 disbursements and noted only two payments were processed using a purchase order system, all disbursements had a receiving report (if applicable), and of the 25 invoices, only six were approved.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The person with signatory authority does have responsibility for initiating purchases.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Unused checks are maintained in a locked location, and access is restricted to those persons that do not have signatory authority.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*A signature stamp or signature machine is not used in any instance.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Listing of active credit cards, bank debit cards, fuel cards and name of person who maintains possession of cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*Listing was obtained.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Monthly statement and supporting documentation was reviewed and approved by someone other than the card holder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance and/or late fees were assessed on the selected statements.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)  
*Monthly statement was obtained and addresses the functions noted above.*
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.  
*Monthly statement was obtained and addresses the functions noted above.*
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)  
*Monthly statement was obtained and addresses the functions noted above.*
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.  
*No exceptions noted.*
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.  
*No exceptions noted.*

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.  
*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.  
*Policies were obtained and no amounts listed exceed GSA rates.*
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals,

mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions noted.*

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions noted.*

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

## **Contracts**

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions noted.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)  
*Not applicable.*
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.  
*No written documentation noted that the entity solicited quotes as a best practice.*
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.  
*One contract was amended. The original contract terms provided for such an amendment, and there was no dollar amount difference due to the amendment.*
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.  
*No noncompliance noted.*
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).  
*Proper approval noted.*

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.  
*No employment contract or pay rate structure noted in the entity's files.*
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.  
*Changes to salaries during the fiscal period were approved in writing.*
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*Daily attendance is not documented for full time employees. Only vacation and approved time off are documented and approved.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Daily attendance is not documented for full time employees. Only vacation and approved time off are documented and approved.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions noted.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions noted.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions noted.*

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*No exceptions noted*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Dannall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

June 19, 2018



# JARROD K. LONGMAN, CLA

ASSESSOR, ST. MARY PARISH

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## Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

### Written Policies and Procedures

1. b) Management plans a review of the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Purchasing, including (2) how vendors are added to the vendor list will be reviewed for inclusion in the revised policies and procedures, if necessary.
1. d) Management plans a review of the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Receipts, including receiving, recording, and preparing deposits will be reviewed for inclusion in the revised policies and procedures, if necessary.

### Finance Committee

2. a) Management plans to document their meetings regarding budgeting in the 2018 fiscal year.
2. b) Management plans to document its review of monthly budget to actual comparisons in the 2018 fiscal year.

### Bank Reconciliations

4. b) Management plans to document its review of the monthly reconciliations in the 2018 fiscal year.

### Disbursements – General

9. Management plans a review of the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. The following disbursement policies and procedures will be reviewed and enforced for compliance:
  - a) the use of a requisition/purchase order system or an electronic equivalent system to separate purchase initiation from approval functions if determined to be necessary.
  - b) obtaining appropriate approval of purchase orders or an electronic equivalent (if a purchase order/requisition or equivalent system is implemented), by a person who did not initiate the purchase if determined to be necessary, and
  - c) processing payments with an approved requisition and/or purchase order, or electronic equivalent (if a purchase order/requisition or equivalent system is implemented), a receiving report showing receipt of goods purchased, or electronic equivalent, and an approved invoice if determined to be necessary.
11. Management plans a thorough review and update to the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Disbursement policies and procedures including prohibiting the persons with signatory authority or who make the final authorization for disbursements from initiating purchases will be reviewed and enforced for compliance. if practicable.

### **Contracts**

21. b) Management plans a review and update to the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Contract policies and procedures including soliciting quotes as a best practice will be reviewed and enforced for compliance.

### **Payroll and Personnel**

22. a) Management plans a review and update to the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Payroll and personnel policies and procedures including adoption of a pay rate structure will be reviewed and enforced for compliance, if practicable.
23. a) Management plans a review and update to the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Payroll and personnel policies and procedures including documentation of daily attendance for all employees will be reviewed and enforced for compliance, if practicable.
23. b) Management plans a review and update to the St. Mary Parish Assessor's financial policies and procedures in the 2018 fiscal year. Payroll and personnel policies and procedures including supervisor approval of attendance and leave for all employees will be reviewed and enforced for compliance.